fused on March 17, 1965; Petition for Rehearing to the Supreme Court of Texas was denied on April 21, 1965. No opinions were rendered by the Supreme Court of Texas.

Jurisdiction.

The Court of Civil Appeals of the State of Texas, at El Paso, entered judgment against petitioners on November 25, 1964. Petitioners moved for a rehearing in said court which was denied on December 30, 1964. Petitioners' application for writ of error to Supreme Court of Texas was refused March 17, 1965. Petitioners' application for rehearing was denied in the Supreme Court of Texas on April 21, 1965. The judgment of the Court of Civil Appeals became final on April 21, 1965. Jurisdiction of this Court is invoked under Title 28 of the United States Code, Section 1257(3).

Question Presented.

Does the denial of a jury trial in a common law action because of an unsuccessful attempt to secure a temporary injunction at an earlier stage in the proceedings deprive a litigant of equal protection of the laws?

Statutes and Constitutional Provisions Involved.

The constitutional provisions involved are the 14th Amendment to the Constitution of the United States, Article I Section 15 of the Constitution of the State of Texas. The statutory provisions involved are Article 2123 of Vernon's Texas Civil Statutes and Article 4642 of Vernon's Texas Civil Statutes. These constitutional and statutory provisions are set forth in Appendix C attached hereto.

Statement.

Petitioners through years of effort and expenditure of money had developed an advertising specialty device known as the "Cash Bonus Card." They engaged in the business of selling the Cash Bonus Card advertising system to various retail supermarkets, and supplying the necessary materials and information to allow said supermarkets to effectively operate this system. Petitioners had explained this system to respondent Furr's, Inc. who purchased the idea and the materials for use in some of its retail stores. Thereafter Furr's, Inc. began using the system in its other retail stores without compensation to petitioners. In their original and first amended petition, petitioners sued only Furr's, Inc., alleging theft of a trade secret and praying for a temporary and permanent injunction and damages. The temporary injunction was obtained from the trial court; however, this was dissolved by the Court of Civil Appeals in a decision entitled *Furr's Inc. v. United Specialty Advertising Company,* 338 S.W. 2d 762, writ of error refused, n.r.e. (See Appendix B). Thereupon petitioners amended their pleadings and joined new party defendants, respondents Rex Webster, Leon E. Harris and Howard Welborn doing business as Webster, Harris & Welborn Advertising Agency. New causes of action for recovery of damages as well as injunction were added so that the case went to trial on the following pleaded theories.

(1) Theft of trade secrets [Pars. 14, 18, 22, Second Amended Original Petition, Tr. 9-11, 13-14, 16];

(2) Breach of a confidential relationship [Par. 14, Second Amended Original Petition, Tr. 9-11];

(3) Unlawful conspiracy [Pars. 8, 9, 10, 11, 12 and 18, Second Amended Original Petition, Tr. 7-9, 13-14]; and

(4) Unfair competition [Pars. 12, 21, Second Amended Original Petition, Tr. 9, 14].

Each of these separate and independent claims and causes of action was developed and tried exhaustively in the trial court for almost two weeks [Judgment, Tr. 94-104]. Each of such theories or causes was separately submitted in special issues to the jury [Tr. 64-74]. The jury deliberated almost eight hours before returning the verdict in favor of petitioners, which established each of said causes of action and each of the supporting ultimate facts then asserted by petitioners, to wit:

(1) The respondents, Webster, Harris & Welborn Advertising Agency as well as Furr's, appropriated petitioners' "trade secrets": Special Issue No. 5, petitioners' "Bonus Card" advertising program and system was not a simple and obvious device, revealed by the card alone; No. 6, respondents' card advertising program was substantially the same as petitioners' program; No. 7 petitioners' advertising program consisted of a device used by them in their business; No. 8, such device gave to petitioners a business advantage over competitors who did not know it or use it; No. 9, such device was developed by petitioners for continuous use in the operation of their business; No. 10, the details of this device were unknown to respondents until disclosed to them by petitioners; and No. 20, petitioners by the distribution of their cards did not make known to the general public the details of the advertising program and device [Tr. 67-69, 73].

(2) Respondents were guilty of breaching a confidential relationship: Special Issue No. 1, petitioners' sales manager disclosed the advertising program to Furr's for the purpose of enabling it to appraise its value; No. 2, details of petitioners' advertising program were disclosed to Furr's as a part of the negotiations leading up to the execution of the contract for the use of the program by Furr's; No. 3, Furr's obtained this knowledge of the details of petitioners' advertising program and system through dealing with petitioners and their sales manager; and No. 4, there existed between petitioner and Furr's a relationship of trust and confidence at the time of the transactions had between them in which Furr's obtained its knowledge of the advertising program and system [Tr. 66].

(3) Respondents joined in an unlawful conspiracy to injure petitioners' business: Special Issue No. 15, respondents Furr's and Rex Webster joined together in an agreement to develop and use an advertising program substantially the same as petitioners' program; No. 16, such agreement was made by respondents with the intention (a) to operate their own program for their own profit and (b) to the injury or damage of petitioners' business; and No. 17, such agreement was the proximate cause of the injury and damage to petitioners' business [Tr. 70-71].

(4) Respondents were guilty of unfair competition: Special Issue No. 11, petitioners' advertising program was developed by them on the basis of information obtained, compiled and put in form for a specific use by them; No. 12, such development of said program was the product of petitioners' expenditure of labor, skill and money; No. 13, respondents appropriated to them-

selves petitioners' said program; No. 14, such program so appropriated by respondents was used by them in competition with petitioners' advertising operations to the profit of respondents [Tr. 69-70].

The Jury returned the verdict in favor of petitioners and against respondents and assessed damages in the amount of $60,000.

Thereupon respondents appealed to the Court of Civil Appeals at El Paso, which Court set aside the verdict of the jury and ordered that judgment be entered in favor of respondents and against petitioners. Said opinion is reported at 385 S.W. 2d 456. (See Appendix A). The basis of the Court of Civil Appeals' decision was that the petitioners, having unsuccessfully attempted to secure a temporary injunction, were bound by the first appellate decision in the case, and thereafter were not entitled to a jury verdict which differed from that first appellate ruling. The Court of Civil Appeals purported to examine the evidence in the case in an *obiter dictum,* substituted itself as the trier of facts for the jury, and found there was no evidence to support the verdict.

Petitioners raised the federal question of the denial of their right to a jury trial effected by the wrongful setting aside of the jury verdict in a motion for rehearing to the Court of Civil Appeals. The issue was raised in all assignments of error but particularly in assignments of error 1, 2, 3, 6, 7, 8, 9, 14, 18, 19, 20, 21 and 22. See Appendix D attached hereto.

Petitioners raised the federal question of denial of their right to jury trial in their Application for Writ of Error to the Supreme Court of Texas. The issue of

denial of jury trial was again raised in all points of error and particularly in points I and II. See Appendix E attached hereto. On petitioner's Motion for Rehearing of Application for Writ of Error to the Supreme Court of Texas, the issue was particularly raised in Points I, II and III. See Appendix F attached hereto.

Reasons for Granting the Writ.

Petitioners were denied the equal protection of the laws of the State of Texas because they were deprived of the right to a trial by jury as guaranteed by Article I, Section 15 of the State Constitution, and Article 2123 of Vernon's Texas Civil Statutes. This deprivation occurred because the Texas Court of Civil Appeals ruled that as a condition to petitioners' applying for a temporary injunction under Article 4642 of the Texas statutes, they waived their right to a jury determination of respondent's liability for damages in the event the application for temporary injunction was refused. The Court of Civil Appeals overturned a jury verdict based upon a full trial on the merits on the grounds that the appellate court's reversal of an order allowing a temporary injunction, which reversal was based on a preliminary hearing, was *res judicata* and law of the case barring any recovery of damages by petitioners. As a purported alternate ground of decision the appellate court substituted itself as the fact finding body in place of the jury.

The denial of equal protection of the laws by the judicial branch of the state government is just as violative of the Fourteenth Amendment as if the wrong were done by the executive or legislative branch. *Shelley v. Kraemer,* 334 U.S. 1, *Barrows v. Jackson,* 346 U.S. 249, rehearing denied 346 U.S. 841.

The concern of the Supreme Court for the right of jury trial on civil cases is evidenced by the decision of the *Dimick v. Schiedt,* 293 U.S. 474, where the Court said (at page 486):

> "Maintenance of a jury as a fact finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care."

Article I, Section 15 of the Texas Constitution states:

> "The right of trial by jury shall remain inviolate. The legislature shall pass such laws as may be needed to regulate the same and to maintain its purity and efficiency. . . ."

This constitutional provision is repeated in Article 2123 of the Texas code. The statute which provided for the injunctive remedy of injunction in this case is Article 4642 of Vernon's Texas Civil Statutes which states:

> "Judges of the district and county courts shall in term time or vacation hear and determine applications for and may grant writs of injunction returnable to said courts in the following cases:
>
> (1) Where the applicant is entitled to the relief demanded and such relief or any part thereof require the restraint or some act prejudicial to him . . ."
>
> * * *
>
> (3) Where the applicant shows himself entitled thereto under the principles of equity, and the provisions of the statute of this State relating to the granting of injunctions. . . ."
>
> * * *

Nowhere in the Texas statutes or Constitution is it provided that an adverse ruling on an application for a temporary injunction bars the petitioner from a jury trial on the issue of liability and damages nor from the benefit of a jury verdict after a full trial on the merits.

The Court of Civil Appeals said:

> "We first take up appellants' contention that this court's prior decision on the temporary injunction phase of the case determined, as the law of the case, that no trade secret existed and no confidential relationship existed between the parties. We feel that those issues were so distinctly put into issue and so fully developed and brought forward on appeal as to make their determination final as to the parties here involved and their privies." (385 S.W. 2d 458.)

The Court of Civil Appeals continued:

> "Appellees seek to avoid this holding by urging that they have now obtained jury findings as to ultimate facts, and that an additional party defendant has been added. We do not think that this has any particular bearing on the res judicata question, because the evidence and established facts being the same, what matter if found by the court or jury? On the issue of trade secret, the evidence is more voluminous, but its quality is unchanged. . . ." (385 S.W. 2d 459.)

The Court of Civil Appeals failed to distinguish between the case presented for the temporary injunction and the case which was ultimately tried before the jury.

Petitioners submit that the distinction which the Court of Civil Appeals refused to make is in reality vital to the case. The fact that additional evidence was introduced, new parties defendant joined, and new theories of recovery added, made the case basically and inherently different from that which the appellate court considered in reversing the order for temporary injunction. Texas authorities are clear that the appellate court cannot decide a case on the basis of the outcome of an application for preliminary injunction.

"It is well settled . . . that the rights of the parties on the merits will not be measured and determined by the appellate court on the basis of evidence introduced at a preliminary hearing." *Houston Belt and T. Ry. Co. v. Texas and New Orleans R. Co.,* 289 S.W. 2d 217, 220, citing the opinion of the Supreme Court of Texas in *Transport Company of Texas v. Robertson Transports,* 152 Tex. 551, 261 S.W. 2d 549.

An order after a preliminary injunction hearing can not divest a party of property rights without a trial. *James v. E. Weinstein & Sons,* 12 S.W. 2d 959. An order granting or refusing a temporary injunction cannot be made the basis of *res judicata* since it is only an interlocutory order. *Mieres v. Bruse,* 153 Tex. 511, 271 S.W. 2d 419; *Ross v. McLelland,* 281 S.W. 2d 733; *Dale Truck Line, Inc. v. R &M Well Servicing & Drilling Co.,* 325 S.W. 2d 848, err. ref. n.r.e., *Dallas General Drivers v. Vilbig Bros.,* 225 S.W 2d 617 err. ref.

The doctrine of law of the case cannot be applied where the pleadings and parties and evidence is differ-

ent. As stated in *Angelena County Lumber Co. v. McNight,* 265 S.W. 2d 246, 250 err. ref.:

> "Appellant has further contended that the opinion on the previous appeal of this case constitutes the law of the case and fixes as a matter of law the boundary line between appellant's and appellee's property. This contention is overruled. There is no showing that the second appeal does not involve different witnesses, different evidence, or even a different surveyor on behalf of the appellant."

The above cases establish that the Court of Civil Appeals was in error under Texas law in applying the doctrine of law of the case and *res judicata* to upset the jury verdict in this case. However, petitioners wish to stress that the question of whether the doctrine of law of the case was applied correctly under Texas law is not determinative of the case at bar. A state is not free to apply legal doctrines which deny citizens their federally protected constitutional rights. Such is the essence of the protection afforded by the Fourteenth Amendment. *If a state court's application of the common law denies a citizen its constitutional rights the Supreme Court will intervene to reverse the state court and set the limits of the application of the state common law. New York Times v. Sullivan,* 376 U.S. 254, motion den. 376 U.S. 917 (unconstitutional application of state law of libel.)

It is well established that a state may not require a foreign corporation to surrender any of its constitutional rights as a prerequisite to its qualifying to do business in the state. *Washington v. Superior Court,* 289 U.S. 361, and cases cited therein. Similarly, a state

court cannot require a litigant to give up its constitutional right to a jury trial in order to avail itself of the right to apply for injunctive relief. Such an action discriminates against litigants who would use provisional remedies before trial. The statute allows anyone to apply for a temporary injunction and does not make as a condition thereof the party's agreement to be bound by the result of the injunction petition. A state's arbitrary denial of equitable remedies which is injurious to a person's property rights is a violation of that persons's rights under the Fourteenth Amendment. *Truax v. Corrigan,* 257 U.S. 312. Forcing a litigant to give up its right to a jury trial on the issue of damages because it sought equitable relief places such a high price on the attempt to secure equitable relief that it is in effect a denial of one right or the other. Each litigant is entitled to the full range of the remedies provided by the law of the State of Texas on an equal basis with any other litigant. The fact that the Court of Civil Appeals effected the denial of petitioners' right to equal protection of the laws by use of the local doctrine of law of the case should not foreclose this Court's review. The Supreme Court will review the record to see if the asserted nonfederal ground is actually sufficient to deny the federal right which is claimed. *Patterson v. Alabama,* 294 U.S. 600.

The appellate court purported to give an alternative ground for its decision, stating that its review of the evidence influenced its decision. This act of substituting itself as the trier of fact and weigher of evidence was clearly a denial of a jury trial to petitioner. In its opinion the Court of Civil Appeals stated:

> "The evidence is more voluminous, but its quality is unchanged." (385 S.W. 2d 459)

The decision of the courts of Texas unequivocally establish that the action of the appellate court in substituting its evaluation of the evidence for that of the jury was a usurpation of authority. *Brown v. City Service Co.*, 245 S.W. 656; *Safeway Stores, Inc. v. Webb*, 164 S.W. 2d 868; *Rogers v. City of Fort Worth*, 275 S.W. 214. The latter case declared that such an act by a state appellate court is a violation not only of the litigant's rights under the state constitution but also under the *federal* constitution and cited with approval *Slocum v. New York Life Insurance Company*, 228 U.S. 364. The *Slocum* case cited many authorities establishing the wrongful nature of the act of the state appellate court.

The record in this case definitively shows that the decision of the appellate court that the evidence was insufficient to sustain the jury verdict was clearly erroneous. The appellate court cannot overturn the jury verdict if there is any evidence to support it. *Safeway Stores, Inc. v. Webb, supra.* Petitioners were denied equal protection of the laws of the State of Texas by the appellate court's wrongful action. This was a right which according to both the Constitution and the statutes of the State of Texas is to be "inviolate." In such a circumstance, it is the duty of the Supreme Court to examine the facts to vindicate petitioners' constitutional rights. As stated in *Norris v. Alabama*, 294 U.S. 587, 590:

> "[It] is our province to inquire not merely where it [the federal constitutional right] is denied in express terms but also whether it was denied in substance and effect. Otherwise review by this Court would fail of its purpose in safeguarding

> constitutional rights. Thus whenever a conclusion of law of a state court as to a federal right and findings of fact are so intermingled that the latter control the former, it is incumbent upon us to analyze the facts in order that the appropriate enforcement of the federal right may be assured."

Petitioners respectfully request this Honorable Court review the record in this case. The record will establish beyond doubt that there was ample evidence to support the jury verdict, and that the appellate court's reversal of that verdict was a deprivation of petitioners' right to equal protection of the laws of Texas, which guarantee each civil litigant a trial by jury.

Conclusion.

For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

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Attorneys for Petitioners.

APPENDIX A.

Furr's, Inc., et al., Appellants v. United Specialty Advertising Company et al., Appellees, No. 5664, 385 S.W. 2d 456, 458. Court of Civil Appeals of Texas. El Paso. Nov. 25, 1964. Preslar, Justice.

This is a "trade secret" case which also involves unfair competition and conspiracy. After a trial by jury, appellees (as plaintiffs) recovered judgment against appellants Furr's and the Webster, Harris & Welborn Advertising Agency for damages in the amount of $60,000.00, and a permanent injunction by which the appellant-defendants were enjoined from making, using or distributing a system and device known as the "Cash Circle Card" program, or any other advertising program, scheme or device the same, or substantially the same, as plaintiffs' Bonus Card program or system. Plaintiffs obtained a temporary injunction which was reversed by this court in Furr's Inc. v. United Specialty Advertising Company, Tex. Civ. App., 338 S.W. 2d 762 (1960), writ of error refused, n.r.e., and reference is made to that case for greater details.

Appellants present some 48 assignments of error, grouped for convenience of argument. We do not feel it necessary to discuss each individually, as the disposition of some well make the consideration of others unnecessary. The case will be reversed and rendered.

We first take up appellants' contention that this court's prior decision on the temporary injunction phase of the case determined, as the law of the case, that no trade secret existed and no confidential relationship existed between the parties. We feel that those issues were so distinctly put into issue and so fully developed and

brought forward on appeal as to make their determination final as to the parties here involved and their privies. They were so tried and determined as to come within the rule followed by this court in Texaco Inc. v. Parker, Tex. Civ. App., 373 S.W. 2d 870 (err. ref., n.r.e.) which held that, even though in the strict sense, the decision on appeal from the granting or refusal of a temporary injunction may not be res judicata of the issues on final hearing, it may become the law of the case as to the legal principles declared. This is an exception to the general rule that an interlocutory judgment will not support a plea of res judicata, but it is a well-founded exception where the parties elect to distinctly put in issue a right or question of fact, as a ground of recovery or defense, and have it directly determined by the courts. It is supported by the authorities. Birchfield v. Bourland, Tex. Civ. App., 187 S.W. 422; International Longshoremen's Ass'n., Independent v. Galveston Mar. Ass'n., Tex. Civ. App., 358 S.W. 2d 607; Baker v. Hill, Tex.Civ.App., 35 S.W. 2d 779 (wr. dism.); Hayden v. City of Houston, Tex.Civ. App., 305 S.W. 2d 798 (wr.ref., n.r.e.); Hudspeth v. Guggenheim, Tex.Civ.App., 12 S.W. 2d 238 (wr. dism.) Its application depends in each case on what was done. Wilson v. Abilene Independent School Dist., Tex.Civ.App., 204 S.W. 2d 407 (err. ref., n.r.e.). In the case before us, the parties fully litigated the two issues in question. This is reflected by this court's prior opinion:

> "We believe that the issues that are here decisive are: Do the Cash Surprise Bonus Cards of appellees constitute a trade secret; and, if so, was such obtained unfairly by appellant by means of a breach of confidence?

The opinion then reviews the evidence and wealth of exhibits and the applicable law, and reaches the conclusion which was decisive of the appeal:

> "Therefore, because we do not believe there is a trade secret here involved, and because we do not believe that any information that appellant's advertising agency might have used was improperly obtained or obtained through breach of confidence, we must hold that there was not sufficient reason or justification to warrant the trial court in granting the injunction."

Appellees seek to avoid this holding by urging that they have now obtained jury findings as to ultimate facts, and that an additional party defendant has been added. We do not think that has any particular bearing on the res judicata question, because the evidence and established facts being the same, what matter if found by the court or the jury? On the issue of trade secret the evidence is more voluminous, but its quality is unchanged, and no contention is made that there have been any additional developments or changes in the factual set-up which brought about the suit. On the issue of confidential relations the evidence is unchanged. And the addition of a party privy, appellant Furr's advertising agent, has not brought about any change in the facts passed on, and it does not in any way alter the question or issues of trade secret and confidential relationship.

In addition to our holding that the law of the case has been established, we are of the further opinion that the facts of the present trial do not permit appellees to recover on the theory of what they call "theft of trade secrets", or any other theory of protection of trade

secrets, for the evidence on the present hearing fails to establish any confidential relationship existing between the parties for the breach of which an action would lie. Assuming a trade secret, the existence of some duty owed in connection therewith, and its breach, becomes our pertinent inquiry.

One who does not wish to make disclosure of his secret in return for the term protection of the patent laws, or otherwise protect it specifically by contract, can still be protected if his disclosure is made in confidence so as to place the other party under a duty to keep his secret. It is a well-settled rule that equity will grant relief when one breaches his confidential relationship in order to unfairly use a trade secret. Luccous v. J. C. Kinley Company, 376 S.W. 2d 336 (S. Ct. 1964); Hyde Corporation v. Huffines, 158 Tex. 566, 314 S.W. 2d 763; K & G Oil Tool & Service Co., v. G & G Fishing Tool Serv., 158 Tex. 594, 314 S.W. 2d 782. The owner of the secret must do something to protect himself. He will lose his secret by its disclosure unless it is done in some manner by which he creates a duty and places it on the other party not to further disclose or use it in violation of that duty. The rule of the American Law Institute Restatement of the Law, as set forth in Hyde v. Huffines, supra, by the Supreme Court, is:

> " 'One who discloses or uses another's trade secrets, without a privilege to do so, is liable to the other if (a) he discovers the secret by improper means, or (b) his disclosure or use *constitutes a breach of confidence reposed in him by the other in disclosing the secret to him* * * *.' 4 Restatement of Torts §757." (Emphasis ours).

Hyde v. Huffines granted protection to the owner of a trade secret who had granted another the right to manufacture his secret, which was done for some two years, under a written licensing agreement. The contract was silent as to the secret being kept confidential, but the court held that an express agreement was not necessary where the actions of the parties, the nature of their arrangement, the "whole picture" of their relationship established the existence of a confidential relationship. It was noted that they were, under the licensor-licensee arrangement, "co-adventurers". The facts of the case left no doubt that a confidential relationship existed and that all parties understood that it existed when disclosure was made. Hyde v. Huffines says no express agreement is necessary, but it stands to reason that the confidence reposed in the other person must, in some way, be manifest—if not by words, then by the acts of the parties or the whole picture of their relationship. Confidential relationship is a two-way street: if the disclosure is made in confidence, the "disclosee" should be aware of it. He must know that the secret is being revealed to him on the condition he is under a duty to so keep it. We belabored the point in this discussion because we do not believe that such was done in the case before us. We do not believe that the whole picture of the parties' dealings shows the existence of a confidential relationship. Further, if the owner of the secret intended that the disclosure be treated in confidence, such fact was not made known to the "disclosee", Furr's. There is no evidence to support the jury finding that there existed between the parties "a relation of trust and confidence at the time of the transactions had between them in 1959". Mrs. Hoese

who, with her husband, owns the appellee companies, testified that she had confidence in Furr's and relied on their integrity. This we can well accept as true, but the fact remains that she did not in some manner make it known to Furr's that her secret was being revealed to them in trust. And, she did not participate in the 1959 transactions. The only person Furr's had dealings with was the salesman, and he testified (and the jury so found) that he did not ask them to treat his statements as statements made in confidence. The record reflects a salesman working hard to make a sale —a sale with no strings attached, so far as confidence was concerned. There was nothing about the transactions and dealings of the parties which would establish a confidential relationship, nor put Furr's on notice that such was intended. It was an arm's length transaction which the jury found to be that of buyer-seller. Under such state of facts, we are of the opinion that such relationship as existed between the parties ended with the delivery of the materials purchased and the payment for them. That was in 1959, while this lawsuit is for breach of confidential relations alleged to exist in 1960. As stated, assuming a trade secret we are of the opinion that no confidential relationship existed between the parties; and absent such, appellees were not entitled to judgment for appropriation of a trade secret.

Appellees contend that there are other bases on which the judgment is supportable, but we are of the opinion that if we are correct in our determination that no confidential relationship exists between the parties, then the record does not substantiate any actionable wrongs. The judgment cannot be supported on the basis of un-

fair competition, for while unfair competition can be actionable where a confidence is violated or where there is a palming-off of one's goods for that of another, neither theory will stand here. The first we have already ruled out, and the palming-off theory is not in this case. Nor do we think that Gilmore v. Sammons, 269 S.W. 861, is applicable to the facts of this case. The wrong condemned in Gilmore v. Sammons was the conduct of Sammons in appropriating the news items of Gilmore and selling them in competition with Gilmore. Without going into the standing of that case in the light of more recent pronouncements, we simply note its inapplicability here, for there is no contention that Furr's ever sold or attempted to sell that which it is alleged to have appropriated, and we fail to see how it could make any difference that Furr's hired Webster to prepare the product for them. That brings us to another matter, that of substantiating the judgment on the theory of a conspiracy of Furr's and the Webster agency. "A civil conspiracy is a combination of two or more persons by concerted action to accomplish an unlawful purpose, or to accomplish some purpose not in itself unlawful by unlawful means." Bartlet v. Lehman, Tex.Civ.App., 207 S.W. 2d 131 (err. ref.); Kingsbery v. Phillips Petroleum Co., Tex.Civ.App., 315 S.W. 2d 561 (ref., n.r.e.). The necessary elements are not present in this case. It cannot be said that Furr's and Webster acted together in the use of the Cash Circle Card. Furr's hired Webster to produce the Cash Circle Card for them and paid him for it. After that, Furr's owned it outright and had sole control of its use. How they used it or whether they ever used it was not for Webster to say. It is the *use* of the card in 1960 which

is the cause of action alleged by appellees, as plaintiffs, and Webster was not acting with Furr's in such use.

The judgment of the trial court is reversed, the injunction dissolved, and judgment here rendered that appellees take nothing by their suit.

APPENDIX B.

Furr's Inc., Appellant, v. United Specialty Advertising Company and United Specialty Production Company, Appelleees. No. 5450. Court of Civil Appeals of Texas. El Paso. Aug. 3, 1960. Rehearing Denied Oct. 5, 1960. 338 S.W. 2d 762, Fraser, Justice.

This is an appeal from an injunction order emanating from the District Court of Midland County, Texas. The temporary injunction enjoined appellant from continuing the use of an advertising plan in its grocery stores, which plan was known as the "Cash Circle Card", with accompanying store banners and bag stuffers. This controversy arose in the following manner:

In May, 1959, a Mr. Goulding, sales representative for appellees, called on appellant at its home or general office, in Lubbock, Texas. Goulding made this appointment and call in an effort to persuade appellant to purchase the product of his employer, which was called the "Cash Surprise Bonus Card." Bag stuffers and banners were to be furnished along with the purchase. These bonus cards had been prepared and developed by appellees. They were oblong cards with various money amounts printed around the periphery of the card. These amounts were from ten cents up to five dollars, and were to be punched out by checker at the grocery store in accordance with the amount of the customer's purchase. When the card was fully punched out, the customer would receive $1 as a bonus, and then an opportunity to get a surprise bonus. There was a small black square sewed in the card which could only be removed by a store employee or official. If the customer could answer the simple question con-

tained therein, he might receive a bonus from one to one thousand dollars. Another feature of the card was that the customer could come in on Monday and get a free $2 punch, without having to purchase anything. There was no charge for these cards, and they were solely for the purpose of promoting sales in the grocery store. The card also contained a calendar device to keep track of the free punches, and the name of the store and some additional information or instruction. The appellant did not purchase any of these cards at the May meeting. In September of the same year, appellant called Goulding, or appellees, for another conference, at which time they purchased $10,000 worth of these cards, bag stuffers and banners. Shortly thereafter, they purchased another $2,200 worth. The record indicates that Goulding notified them that they could not buy cards for use in Midland or Odessa, as he had given the exclusive use of such cards in those two towns to a competitor of appellant, known as "Food Mart." Appellant bought the merchandise for use in a number of its other stores.

Shortly after this purchase, in September 1959, Food Mart began using the cards in the Midland, Odessa area. Appellant then asked an advertising agency in Lubbock to produce a promotion that would meet the competition of the use of appellees' cards by Food Mart in Midland and Odessa. A Mr. Webster, of the advertising agency, after some time produced the design involved here, and which was named "Cash Circle Cards". The Cash Circle Card involved the same method as appellees' card. It seems to differ only in that it is round, or circular; and, instead of punching out amounts of money, they are "branded". The arrange-

ment of the card is somewhat different, but it must be admitted that it is substantially the same, and has the sewed-in square for the surprise bonus, as does appellees' card.

Appellees brought suit for a considerable sum of money, and asked that appellant be restrained from using its Cash Circle Cards.

As stated in the briefs, this is a "trade secret" case, and does not involve copyright or patent problems. Appellees state in their brief that it does not involve a claim of unfair competition, as such is generally considered.

We believe that the issues that are here decisive are: Do the Cash Surprise Bonus Cards of appellees constitute a trade secret; and, if so, was such obtained unfairly by appellant by means of a breach of confidence?

There is some discussion of unfair competition, but we do not believe that principle applicable here, because the necessary elements, which we will not detail, are not in evidence.

We will take up, first, the question of whether or not the bonus cards of appellees were so constructed and developed as to constitute a "trade secret". After studying the record and the authorities, we have reached the conclusion that they were not. The idea of punch cards, or bonus cards, was not only old, but had been used in many forms and manners and cards similar to these were currently in use at the time of the sale, in many other cities and states, and had been advertised in the newspapers very extensively. The card speaks for itself. The newspaper advertisements, the bag stuffers and banners merely advertise and urge people

to take advantage of these cards, which were given out free. The cards themselves were self-explanatory on the face thereof. Appellant testified that it had used a somewhat similar device in 1950, whereby a customer, by virtue of his purchases, could buy cooking ware at a reduced price. Cards similar to these here involved were, and had been, in active use in grocery stores in Los Angeles, Chicago, Fort Worth, etc. There are other types of punch cards, or bonus cards, in the record as evidence, and examination of these, coupled with the testimony of witnesses, does not establish, in our opinion, anything about these cards that would constitute a trade secret. It is true that the cares were developed and improved over the years by the appellees, but they were exhibited to and used by the public, and had been explained and advertised to the public for many months before appellant purchased them. We do not believe that the sewed-in square creates sufficient distinction to make this particular card such as could be protected under the trade secret doctrine. As was said by the Supreme Court: "The subject matter of a trade secret must be secret." Wissman v. Boucher, 150 Tex. 326, 240 S.W. 2d 278, 280.

The court, in the above case, further says:

"* * * the exposure of the device to the public by advertisement or sale definitely operates to destroy any legal protection the claimed originator might otherwise assert on the basis of a trade secret * * * matters which are completely disclosed by the goods which one markets cannot be his secret." Again, these cards are completely explained by the language on the face thereof. It constitutes a complete disclosure of the method or scheme. The store in the cities named above had

informed the public, by newspaper advertising, banners and bag stuffers, of the entire method of this cash bonus card. In other words, the entire device, or method, had been exhibited to the general public for many months before appellant made its purchase. It seems to us to be a merchandising device, not especially new in design or method, and containing no particular secret. While the cards here involved are certainly similar, we believe it is only that similarity which would necessarily occur when anyone used the punch card bonus idea, which is by no means a new or secret idea. To hold otherwise, we think, would be to encourage and condone a monopoly and create the effects of a copyright where no copyright exists. It seems to us that these cards are not a secret, but more of a promotion of doing business or advertising. Certainly appellant could have, and apparently did have, all the information about these cards before it bought them, or before it asked its advertising agency to produce something in competition at Midland and Odessa. As stated in 79 C.J.S. 935: "While it has been said that an exact definition of a trade secret is not possible, the courts nevertheless define a trade secret to be a plan or process, tool, mechanism, or compound, known only to its owner and those of his employees to whom it is necessary to confide it in order to apply it to the uses for which it is intended." This article later states: "Like any other secret, a trade secret is nothing more than a private matter; something known only to one or a few and kept from the general public, and not susceptible to general knowledge. There must exist a substantial element of secrecy, and the term 'trade secret' is not applied to matters of public knowledge, or of common knowledge to a trade, or of general

knowledge in an industry, or *to matters which are completely disclosed by the goods which are marketed.*" (Emphasis ours.) Here, of course, the cards were complete on their face, and were certainly offered and in use by the general public. We therefore hold that appellees' cards here involved, as constituted and sold, along with the bag stuffers and banners, do not come under the heading or meet the requirements of that which is a trade secret.

With regard to the second point, we do not believe that appellant acquires any information about these cards in the course of any confidential relationship between it and appellees, or appellees' representative. This was merely a case of a salesman attempting to make a sale, in May of 1959. He does not say that he asked them to keep this matter secret, but merely says that it was a confidential transaction because he had confidence in them. Appellees cite two cases which they consider extremely important; to-wit, Hyde Corporation v. Huffines, 158 Tex. 566, 314 S.W. 2d 763, and K & G Oil Tool & Service Co. v. G & G Fishing Tool Service et al, 158 Tex. 594, 314 S.W. 2d 782. In these cases, however, the creator or inventor had produced a mechanical device and had engaged in negotiations and conversations with the defendants relative to their making and marketing his product with payment of a royalty to him. It was, of course, necessary there for the individual to explain and probably demonstrate the article involved, not with the idea of selling it, however, but with the idea that it would be manufactured by the other party under a contractual relationship, a type of licensing, perhaps. We think those cases are different from the case here, of a salesman

offering for sale something that has long been in use, was well known to the purchaser, and had been widely presented to and advertised to the public. The use of someone else's idea is not automatically a violation of the law. It must be something that meets the requirements of a "trade secret" and has been obtained through a breach of confidence in order to entitle the injured party to damages and/or injunction. The Federal court stated, in G.W. Cole Co. v. American Cement & Oil Co. et al., 7 Cir., 130 F. 703, 708, as follows:

> "The law of unfair trade has never gone to the length of preventing fair competition in trade. The law seeks only to restrain fraudulent practices inducing confusion of goods and deception of the public. There is nothing in the relation of these parties which prohibited such competition. The Excelsior Supply Company was a customer of the appellant, buying largely of its product 'Three in One.' It had special terms from the appellant, as had all its large customers; but that course of business created no trust relation between them, and constitutes no objection to competition."

There is a long line of cases holding that the courts will protect, where one obtains a thing by violation of a trust, or where one, by some other wrongful act, becomes an involuntary trustee. O'Bear-Nester Glass Co. v. Antiexplo Co., 101 Tex. 431, 108 S.W. 967, 16 L.R.A., N.S., 520; Harrison v. Riddell, 64 Mont. 466, 210 P. 460, at page 464; Franke et al v. Wiltscheck, 2 Cir., 209 F. 2d 493; 170 A.L.R. 488. Here, however, as we have stated above, we cannot find that appellant obtained any trade secret from appellees by the breach of any confidential relationship. As we have

heretofore said, the cards and other advertising were self-explanatory and had been widely distributed to and presented to the public. There is no evidence that the appellees' representative, Goulding, asked appellant to treat any of these matters confidentially. As a matter of fact, we do not know what could have been confidential, other than the price paid by appellant, as the entire operation of this promotion had been and was to be carefully explained to the public.

Therefore, because we do not believe there is a trade secret here involved, and because we do not believe that any information that appellant's advertising agency might have used was improperly obtained or obtained through breach of confidence, we must hold that there was not sufficient reason or justification to warrant the trial court in granting the injunction. On the basis of what we have just stated, we do not believe the argument of maintaining status quo has any substantial merit.

Appellant has raised other points, to-wit, that the injunction violates the Texas anti-trust laws; that the cards and the use thereof is against the public policy of the State, and that appellees did not show that they did not have adequate and available remedies of law. We do not find merit in any of these points, and will overrule them without discussion.

For the reasons stated above, the temporary injunction heretofore granted by the trial court is dissolved and dismissed.

APPENDIX C.

Constitutional Provisions.

FOURTEENTH AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES

Section 1. All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

ARTICLE I, SECTION 15 TEXAS CONSTITUTION

"The right of trial by jury shall remain inviolate. The legislature shall pass such laws as may be needed to regulate the same and to maintain its purity and efficiency. . . ."

Statutory Provisions.

TITLE 28 UNITED STATES CODE, SECTION 1257(3)

(3) By writ of certiorari, where the validity of a treaty or statute of the United States is drawn in question or where the validity of a State statute is drawn in question on the ground of its being repugnant to the Constitution, treaties or laws of the United States, or where any title, right, privilege or immunity is specially set up or claimed under the Constitution, treaties or statutes of, or commission held or authority exercised under, the United States. June 25, 1948, c. 646, 62 Stat. 929.

ARTICLE 2123, VERNON'S TEXAS CIVIL STATUTES

"The right to trial by jury shall remain inviolate, subject to the following rules and regulations."

ARTICLE 4642, VERNON'S TEXAS CIVIL STATUTES

"Judges of the district and county courts shall in term time or vacation hear and determine applications for and may grant writs of injunction returnable to said courts in the following cases:

(1) Where the applicant is entitled to the relief demanded and such relief or any part thereof require the restraint or some act prejudicial to him . . ."

* * *

(3) Where the applicant shows himself entitled thereto under the principles of equity, and the provisions of the statute of this State relating to the granting of injunctions . . ."

* * *

APPENDIX D.

Motion for Rehearing.

To the Honorable Court of Civil Appeals:

NOW COME United Specialty Advertising Company and United Specialty Production Company, appellees in this cause, and move the court to grant them a rehearing, and, upon such hearing, set aside the opinion and judgment of the court of November 25, 1964, reversing the judgment of the trial court and rendering judgment that appellees take nothing by their suit, and, upon such hearing, proceed to affirm the judgment of the trial court in all things and matters because:

ASSIGNMENTS OF ERROR

1.

The Court of Civil Appeals erred in holding in this appeal of the cause on the merits that, notwithstanding the full development of the testimony and the verdict of the jury, there was no trade secret in the cause because of the determination of that issue of fact and law by the appellate court in the prior appeal from the temporary injunction order.

2.

The Court of Civil Appeals erred in holding that its prior opinion and decision in the appeal from the temporary injunction order finally settled and determined that appellees' advertising program and system failed to constitute a trade secret, without regard to the full development of the evidence and the successfull trial to the jury in the trial on the merits.

3.

The Court of Civil Appeals erred in holding that the appeal of this cause after a trial on the merits is de-

termined by the prior opinion and decision of the appellate court in the appeal from the temporary injunction order, because:

(1) the issues raised by the pleadings and the controlling testimony introduced in evidence and the facts found by the jury are no longer the same as those before the appellate court in the prior appeal;

(2) new parties were made before the trial on the merits was had and the parties now before the court on this appeal are not the same as those before the court in the appeal from the temporary injunction order; and

(3) the issues only partially developed and found by the trial court in the temporary injunction hearing have now been fully and completely developed and tried and the findings of the jury in favor of appellees support four separate and independent causes of action, to wit, (a) theft of trade secrets, (b) breach of a confidential relationship, (c) unfair competition, and (d) unlawful conspiracy.

4.

The Court of Civil Appeals erred in holding that there was no evidence of a trade secret.

5.

The Court of Civil Appeals erred in holding that there was no evidence to support appellees' claim — and the jury's findings—that appellees' advertising program and system was not a simple and obvious device revealed by the "bonus card" alone, that such device was developed by appellees for continuous use in the operation of their business, that the development of such pro-

gram and device was the product of appellees' expenditure of labor, skill and money, and that such device was unknown to appellants until disclosed to them by appellees.

6.

The Court of Civil Appeals erred in substituting itself as the fact finding body and declaring, contrary to the facts found by the jury and the trial court, that appellees' advertising program and system was a simple and obvious device, revealed by the "bonus card" alone, and not such a program or device as developed by appellees as a product of their expenditure of labor, skill and money to be used in their business, and was not such a development of information and an advertising program as to constitute a trade secret.

7.

The Court of Civil Appeals erred in holding that no confidential relationship could be proved between the parties in the trial of this cause on its merits because that issue of fact and law had been determined against appellees in the prior appeal from the temporary injunction order.

8.

The Court of Civil Appeals erred in holding that its prior opinion and decision in the appeal from the temporary injunction order finally settled and determined the question of both fact and law that there was no confidential relationship existing between appellees and appellants for the breach of which an action would lie.

9.

The Court of Civil Appeals erred in holding that its prior opinion and decision in the appeal from the tem-

porary injunction order conclusively settled and determined, on this appeal from a trial of the cause on its merits, that there was no confidential relationship between the parties because:

(1) The issues raised by the pleadings and the controlling testimony introduced in evidence and the facts found by the jury are no longer the same as those before the appellate court in the prior appeal;

(2) new parties were made before the trial on the merits was had and the parties now before the court on this appeal are not the same as those before the court in the appeal from the temporary injunction order; and

(3) the issues only partially developed and found by the trial court in the temporary injunction hearing have now been fully and completely developed and tried and the findings of the jury in favor of the appellees support four separate and independent causes of action, to wit, (a) theft of trade secrets, (b) breach of a confidential relationship, (c) unfair competition, and (d) unlawful conspiracy.

10.

The Court of Civil Appeals erred in holding that there was no evidence of a confidential relationship between the parties.

11.

The Court of Civil Appeals erred in holding that there was no evidence to support the jury finding that there existed between the parties a relation of trust

and confidence at the time of the transactions had between them in 1959.

12.

The Court of Civil Appeals erred in holding that there was no evidence to support appellees' claims—and the jury's findings—that appellees disclosed its advertising program to appellants for the purpose of enabling appellants to appraise its value, that appellees disclosed the details of its advertising program to appellants as a part of the negotiations leading up to the execution of the sales contract between the parties, that appellants obtained their knowledge of the advertising program and system though their dealing with appellees, that there existed between appellants and appellees a relation of trust and confidence at the time of the transactions had between them.

13.

The Court of Civil Appeals erred in holding that there was nothing about the transactions and dealings of the parties which would establish a confidential relationship, because the evidence established, and the jury found, appellees disclosed their advertising program to appellants for the purpose of enabling appellants to appraise its value, the details of the program were disclosed to appellants as a part of the negotiations leading up to the sales contract between the parties, appellants obtained their knowledge of the details of the program and system through dealing with appellees, the details of the program and device were unknown to appellants until disclosed to them by appellees, and appellees by distributing the bonus cards had not made known to the general public the details of its advertising program.

14.

The Court of Civil Appeals erred in substituting itself as the fact finding body and declaring, contrary to the facts found by the jury and the trial court, that there was no confidential relationship between the parties for the breach of which an action would lie.

15.

The Court of Civil Appeals erred in holding that the judgment of the trial court cannot be supported on the basis of unfair competition.

16.

The Court of Civil Appeals erred in holding that there was no evidence of unfair competition.

17.

The Court of Civil Appeals erred in holding that the necessary elements of a civil conspiracy were not present in this cause, because, a civil conspiracy is defined in law as a combination of two or more persons by concerted action to accomplish an unlawful purpose, and there was evidence to support the jury findings that there was a combination of the defendants who conspired to accomplish the unlawful purpose of engaging in the theft, appropriation and improper use of appellees' advertising program and device.

18.

The Court of Civil Appeals erred in substituting itself as the fact finding body and declaring, contrary to the facts found by the jury and the trial court, that there was no conspiracy and no unfair competition,

because the jury and trial court have found that appellees' advertising program and system was not a simple and obvious device revealed by the "bonus card" alone, that such device consisted of the compilation of information used by appellees in their business and developed by them for continuous use in the operation of their business, that the details of such device were unknown to appellants until disclosed to them by appellees, that such device was developed by appellees on the basis of information obtained, compiled and put in proper form by them as a product of their labor, skill and money, and appellants joined together in an agreement between themselves to develop and use such advertising program substantially the same as that of appellees with the intention to operate their own program for their own profit and to the injury and damage of appellees' business, and that appellants appropriated to themselves appellees' said advertising operations to the profit of appellants and loss to appellees.

19.

The Court of Civil Appeals erred in finding and holding that, as a matter of law, from disputed facts, there was no conspiracy between appellants to take and appropriate appellees' advertising program and device to use same in competition with appellees' advertising operation to the profit of appellants and loss to appellees.

20.

The Court of Civil Appeals erred in overruling appellees' Second Counterpoint, that the jury verdict, and the trial court judgment, established appellees' right of recovery for theft of trade secrets.

21.

The Court of Civil Appeals erred in overruling appellees' Third Counterpoint, that the jury verdict, and the trial court judgment, established appellees' right of recovery for unfair competition.

22.

The Court of Civil Appeals erred in overruling appellees' Fourth Counterpoint, that the jury verdict, and the trial court judgment, established appellees' right of recovery for unlawful conspiracy.

23.

The Court of Civil Appeals erred in overruling appellees' Thirteenth Counterpoint, that the trial court judgment is proper and should be affirmed on the basis of Article 850, et seq., Vernon's Civil Statutes of the State of Texas.

APPENDIX E.

Application for Writ of Error.

In the Supreme Court of Texas.

POINTS OF ERROR.

I.

The Court of Civil Appeals erred in applying the doctrine of "law of the case" to decide and determine this appeal of the cause upon the merits on the Court's findings of fact and pronouncements of law in the prior temporary injunction appeal.

II.

The Court of Civil Appeals erred in giving controlling effect to the doctrine of "law of the case" to determine this appeal of the cause where there are now presented different pleadings, new parties, additional theories and causes of action, and a full development of the evidence.

III.

The Court of Civil Appeals erred in holding that there was no evidence of a trade secret.

IV.

The Court of Civil Appeals erred in holding that there was no evidence of a confidential relationship between the parties.

V.

The Court of Civil Appeals erred in holding that there was no evidence of unfair competition.

VI.

The Court of Civil Appeals erred in holding that there can be actionable unfair competition only where (a) a confidence is violated or (b) there is a palming off of one's goods for that of another.

VII.

The Court of Civil Appeals erred in holding that there was no evidence of the necessary elements of a civil conspiracy.

VIII.

The Court of Civil Appeals erred in holding that there can not be any civil conspiracy where one person who furnishes the product and the other person takes and uses the product, even though they acted together with malice without just cause or excuse to injure the third party.

IX.

The Court of Civil Appeals erred in ignoring and in failing and refusing to apply Articles 850 and 851 in protection of petitioners' bonus card advertising design and device.

APPENDIX F.

Motion for Rehearing of Application for Writ of Error.

To the Honorable Supreme Court of Texas:

Now come United Specialty Advertising Company and United Specialty Production Company, appellees in the Court of Civil Appeals, and petitioners for writ of error, and move this honorable Court to grant them a new hearing and to set aside the judgment rendered herein on March 17, 1965, refusing their Application for Writ of Error, and as grounds for such motion respectfully show the Court the following:

POINTS

I

The error of the Court in approving the holding of the Court of Civil Appeals in applying the doctrine of "law of the case" to decide and determine this appeal of the cause upon the merits on the Court of Civil Appeals' findings of fact and pronouncements of law in the prior appeal from the temporary injunction order.

II

The error of the Court in approving the action of the Court of Civil Appeals in applying the doctrine of "law of the case" as stated by that court in the prior temporary injunction appeal to decide and determine this present appeal of the cause upon the merits, after trial upon the merits with a jury and with jury findings in favor of petitioners.

III

The error of the Court in approving the holding of the Court of Civil Appeals in applying the doctrine of "law of the case" to deny petitioners a trial by jury.

IV

The error of the Court in approving the holding of the Court of Civil Appeals in giving controlling effect to the doctrine of "law of the case" to determine this appeal of the cause from the judgment on the merits where there are now presented different pleadings, new parties, additional theories and causes of action and a full development of the evidence since the prior appeal from the temporary injunction order.

V

The error of the Court in approving the holding of the Court of Civil Appeals that there was no evidence raising jury issues of a trade secret.

VI

The error of the Court in approving the holding of the Court of Civil Appeals that there was no evidence raising jury issues concerning the confidential relationship between the parties.

VII

The error of the Court in approving the holding of the Court of Civil Appeals that there was no evidence raising jury issues of unfair competition.

VIII

The error of the Court in approving the holding of the Court of Civil Appeals that there can be actionable unfair competition only where (a) a confidence is violated or (b) there is a palming off of one's goods for that of another.

IX

The error of the Court in approving the holding of the Court of Civil Appeals that there was no evidence raising jury issues concerning a civil conspiracy.

X

The error of the Court in approving the holding of the Court of Civil Appeals that there was no evidence of the necessary elements of a civil conspiracy.

XI

The error of the Court in approving the holding of the Court of Civil Appeals that there can not be any civil conspiracy where one person furnishes the product and the other person takes and uses the product, even though they acted together with malice without just cause or excuse to injure the third party.